

Section 1

Identification questions submitted via e-form through the CSA website

October 16, 2026 - Delivered via e-form through the CSA website

Publication title

CSA Consultation Paper 51-406 Modernizing the Regulation of Public Companies

Comment addressed to participating jurisdictions:

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission, New Brunswick
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Office of the Superintendent of Securities, Service NL
Northwest Territories Office of the Superintendent of Securities
Office of the Yukon Superintendent of Securities
Superintendent of Securities, Nunavut

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Place of residence:

Quebec, CA

Are you commenting on behalf of an organization?

Yes

Organization Name:

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Section 2

Questions answered via e-form through the CSA website

General Comments

Please see letter attached. Thank you.

Section 3

Uploaded documents via e-form through the CSA website

The uploaded document continues on the next page



Friday, October 16, 2026

Via CSA portal: <https://www.securities-administrators.ca/consultations/>

And by email: consultation-en-cours@lautorite.qc.ca

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission (New Brunswick)
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Office of the Superintendent of Securities, Service NL
Northwest Territories Office of the Superintendent of Securities
Office of the Yukon Superintendent of Securities
Superintendent of Securities, Nunavut

And

M^e Philippe Lebel
Corporate Secretary and Executive Director, Legal Affairs
Autorité des marchés financiers
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**Re. CSA Consultation Paper 51-406: Modernizing the Regulation of Public Companies,
Published on July 16, 2026**

The Canadian Independent Finance and Innovation Counsel (**CIFIC**) appreciates the opportunity to provide comments to the CSA regarding its consultation paper on modernizing the regulation of public companies (the **Consultation Paper**).

The Canadian Independent Finance and Innovation Counsel represents over 40 national Investment Dealers and their industry's position on securities regulation, public policy, and industry issues. We represent notable CRO-regulated Investment Dealers in the Canadian securities industry.

The following sets out the comments of the Investment Dealers we represent in respect of the issues in the Consultation Paper, referencing the numbering in your original document.

A. Proportionate Regulation

A1. *Does the current method of delineating between venture and non-venture issuers based on exchange listing continue to draw an appropriate line between issuers that should be subject to more or less extensive reporting issuer obligations, i.e., should the status quo be maintained? Why or why not? If you support a change, which of the three Options, if any, do you support and why?*

[Option A - Maintaining the current approach with targeted adjustments:

Option B - Introducing issuer-specific criteria to determine issuer status;

Option C - Requiring mandatory graduation from venture exchanges for issuers exceeding specified size thresholds]

With respect to reporting requirements, the Investment Dealers we represent believe there is a reasonable basis for the TSX, TSX-V and the CSE to maintain different standards as long as they continue to apply distinct listing criteria and serve different segments of the Canadian capital markets. The Consultation Paper does not, in our view, demonstrate that the current exchange-based framework has resulted in a market failure that would warrant a fundamental change.

Developing a separate regulatory framework to determine which issuers should qualify for different reporting requirements could introduce unnecessary complexity. Any such framework would likely need to rely on thresholds based on factors such as market capitalization, liquidity, or ownership, which may be difficult to calibrate and could produce arbitrary distinctions between issuers. The main advantage of the current system is simplicity and transparency, with regulatory requirements aligned to the listing standards of the exchange on which an issuer chooses to list.

The traditional rationale for distinguishing between senior and venture markets is that larger issuers generally benefit from a greater degree of market-based oversight. This can include analyst coverage from Investment Dealers and independent research providers, greater institutional participation, more active shareholders, and deeper liquidity. Collectively, these factors provide an additional layer of market discipline and governance. By contrast, smaller and less liquid issuers tend to have greater retail participation and less institutional coverage, in part because many institutional investors require a certain level of market capitalization and liquidity before they can meaningfully participate. These market dynamics influence the exchange on which an issuer chooses to list and support maintaining a distinction between senior and venture markets based on exchange listing.

The Investment Dealers we represent support Option A: Maintaining the current approach with targeted adjustments.

A2. *What factors influence an issuer's decision to maintain a listing on a venture exchange or a non-venture exchange? In particular, to what extent, if any, do senior issuers remain listed on venture exchanges because of less extensive reporting obligations applicable to venture issuers? Please provide details, including the most significant factors motivating issuers in choosing a listing venue.*

In choosing a listing venue, issuers are typically balancing two objectives. The first, is access to capital, while the second is an efficient process and reasonable regulatory environment.

Issuers will normally work through more cumbersome processes and additional regulatory requirements if required to access the desired capital. Where Canada needs to be competitive, is at the senior exchange level, relative to what international, and specifically U.S. markets, are offering.

Most advantages attached to a "senior" market are actually a function of scale. Larger companies typically trade more, raise more capital, and allow for larger investors to participate without creating restrictive situations like owning a substantial part of an illiquid issuer, or becoming a reporting insider. These all contribute to an issuer being a more economic focus for investment banks and institutional investors, which increases market scrutiny of issuers, and in turn, a level of market-driven oversight.

Certain funds may have restrictions in their investment policy statements preventing participation in certain markets, and many indices require a senior exchange listing, both of which are meaningful incentives to pursue a senior listing if available.

Benefits of remaining listed on a venture market, including additional time for reporting and certain reduced costs are most often offset by reduced access to capital. The Investment Dealers we represent have clients who believe that the Canadian venture markets can be more invasive in their review of company activities, while senior markets allow for more market-driven oversight.

A3. Questions related to Option A:

a. *Are there specific venture issuer requirements that should be extended to smaller non-venture issuers, such as reduced requirements relating to corporate governance disclosure, executive compensation disclosure or business acquisition reporting? If so, which ones and why? Are there other requirements in addition to those we have listed?*

As set out below, the Investment Dealers we represent do not believe that a change in the definition of "venture issuer" is required; therefore, it would be difficult to transparently adapt venture issuer requirements to non-venture issuers and would create additional complexity in

determining which disclosure or reporting requirements apply to each of the 3,000 listed companies, particularly if certain exemptions would apply based on revenue, market capitalization, or other thresholds.

b. *Conversely, are there aspects of non-venture issuer requirements that should be applied to larger or more complex venture issuers? If so, which ones and why?*

The Investment Dealers we represent generally support permitting voluntary semi-annual reporting for all Canadian issuers, with appropriate safeguards.

Additionally, mechanisms that can improve an issuer's access to capital should be evaluated. For instance, in April 2023, the TSX amended section 606 of its Company Manual, governing prospectus offerings, to allow for additional pricing flexibility provided the offering has been broadly marketed. The Investment Dealers we represent would recommend expanding this capability to venture markets, recognizing that the illiquid nature of many of these companies means investors may not be able to exit in a reasonable period of time. Additional mechanisms Canada should embrace to help issuers assess investor demand before proceeding with an offering would include confidentially marketed public offerings; wall crossing; and testing-the-waters procedures, i.e., confidentially gauging investor interest in a potential offering before proceeding with the offering or confidentially marketing an offering to a limited group of investors, similar to what is available in the U.S. markets.

c. *Should foreign exchange listings be considered in assessing venture/non-venture issuer status? Why or why not?*

In the Consultation Paper, it was disclosed that there are examples of certain issuers losing their venture issuer status when they obtain secondary listings on marketplaces, often outside of Canada and the United States. We are unsure which exchanges the Consultation Paper is referring to, but we are aware of Canadian-listed companies being listed on the Frankfurt Stock Exchange, sometimes without their knowledge. This being the case, we do not see any reason for an issuer to lose its venture-issuer status when it is inter-listed on a defined venture exchange and a foreign exchange.

There are dynamics, including TSX board composition requirements, which may be at odds with international senior markets like NASDAQ. In certain situations, it may be more efficient to retain a Canadian venture market listing while adopting a senior international listing. This allows Canadian investors to continue to trade and settle domestically, in Canadian dollars, while the issuer grows into a senior market and a deeper pool of capital. The issuer would be subject to NASDAQ requirements, so its "venture issuer" status would likely be irrelevant. One Dealer we represent would recommend providing Canadian relief and deferring to the requirements of the larger marketplace in such situations.

- d.** *Are there specific foreign exchanges or marketplaces that should be considered as equivalent to Canadian venture or non-venture marketplaces for the purposes of determining venture issuer status? Why or why not?*

As set out above, the Investment Dealers we represent are not generally aware of an issue in regulating Canadian companies. We are not aware of Canadian companies with a venture designation that are primarily listed on foreign exchanges.

We support targeted refinements to the treatment of foreign and secondary listings under the definition of “venture issuer.” An issuer’s decision to list on a foreign marketplace to access additional sources of capital does not necessarily reflect a change in its stage of development and should not, in itself, result in the loss of its venture issuer status. Automatically removing venture issuer status in these circumstances could impose additional regulatory burdens without reflecting a material change in the issuer’s circumstances or investor protection needs.

The CSA should consider either expanding the list of recognized foreign marketplaces to include appropriate junior markets in jurisdictions such as Australia, or adopting a principles-based approach that allows issuers with qualifying foreign or dual listings to retain venture issuer status where warranted by the nature of the marketplace and the issuer’s circumstances.

- e.** *Are there additional accommodations that should be extended to smaller venture issuers?*

The Investment Dealers we represent are generally involved in the listing of venture issuers on Canadian stock exchanges. Preparing the financial statements for disclosure documents such as prospectuses, information circulars, filing statements, and listing statements, represents a significant regulatory requirement. Most of the Investment Dealers we represent believe it would be helpful to reduce the interim financial statement requirements to semi-annual reporting for issuers pursuing a listing on a venture exchange in Canada.

Dealers also noted that companies in the early stages of their development may not have multiple years of audited financial statements available. These Dealers recommend allowing greater flexibility in the financial statements accepted for listing submissions, including the use of reviewed statements and annual audits, while maintaining quarterly financial reporting once listed where semi-annual reporting is not available. This would facilitate access to public markets for early-stage companies while preserving visibility into their historical operations and transparency regarding their current financial position.

A4. *Questions related to Option B:*

- a.** *What thresholds or criteria would be most appropriate? Considerations could include revenue, total assets, market capitalization, public float or other.*

- b. At what point in time should these metrics be assessed, and how frequently should an issuer's status be reviewed to prevent issuers from moving repeatedly between venture and non-venture issuer status?*
- c. How could this approach be designed to accommodate smaller non-venture issuers or larger venture issuers to effectively promote proportionality? For example, should there be further tailoring of reporting issuer obligations within the venture and non-venture issuer categories?*
- d. Are there other factors or market impacts that we should take into account in considering this approach?*

As set out above, the Investment Dealers we represent do not believe that this approach should be adopted, and we therefore will not comment on the above considerations.

A.5 *Questions related to Option C: Venture Issuer Status and Mandatory Graduation*

- a. What metrics would be relevant in determining whether issuers should graduate from venture to non-venture exchange or tiers and why?*
- b. Are there other factors or market impacts that we should take into account in considering this approach?*

Options B and C consider whether the current exchange-based definition of a “venture issuer” should be replaced or supplemented by criteria such as revenue, total assets, market capitalization, or public float. The Consultation Paper also specifically asks whether metrics should be established to determine when an issuer should graduate from a venture to a non-venture exchange or tier.

The Investment Dealers we represent do not support introducing regulatory criteria that would effectively require issuers to graduate from a venture market once they reach prescribed thresholds.

As previously mentioned, we believe that the decision to graduate should remain market-driven rather than regulator-driven. An issuer's market capitalization, revenue, assets, or public float, viewed in isolation, do not necessarily indicate that the issuer has outgrown a venture marketplace or that moving to a senior market is appropriate. Issuers differ considerably in their business models, stages of development, financing needs, shareholder composition, liquidity, and strategic objectives. Prescriptive thresholds could therefore produce arbitrary outcomes and require an issuer to change markets, even when doing so provides little benefit to the issuer or its investors.

The existing marketplace structure already provides a natural mechanism for graduation. Where an issuer has reached the appropriate stage of development and sees value in accessing a senior

market, the issuer and its advisors can assess whether graduation is in its best interests. Exchanges also have their own listing standards and incentives to attract issuers that are appropriate for their respective markets. We see no compelling reason for securities regulation to override those market-based decisions and note there are substantial market incentives for issuers to pursue a graduation when possible.

Mandatory graduation could also have unintended consequences for Canada's venture markets. Successful and growing issuers contribute to the credibility, liquidity, and overall strength of these markets. Requiring those issuers to leave once they cross an externally prescribed threshold could weaken the venture ecosystem rather than strengthen it; disrupt market-driven growth; create regulatory instability due to fluctuating metrics; and even push companies toward private markets or foreign exchanges.

Canada's venture markets also perform an important structural role within the broader public market ecosystem. They serve as a feeder system for senior markets by providing earlier-stage and growth companies with an appropriate marketplace in which to access capital, develop their businesses, and build a public market track record. A significant proportion of issuers currently listed on the TSX originated on the venture market (CIFIC understands that 800 companies have successfully graduated from the TSX-V to the TSX in the last 26 years), demonstrating that the existing framework already facilitates the natural progression of companies as they mature: the market-driven graduation model is functioning effectively and should not be displaced by regulatory thresholds that could require issuers to graduate before they are ready.

The decision to graduate is also inherently broader than any single quantitative metric. While market capitalization, revenue, total assets, and public float may provide useful information, they do not necessarily reflect an issuer's operational maturity, liquidity, investor base, financing needs, or readiness to assume the obligations associated with a senior marketplace. As discussed above, introducing mandatory graduation criteria could therefore create unintended consequences by disrupting established issuer strategies and weakening the venture ecosystem through the premature departure of successful issuers that contribute liquidity, credibility, and investor interest to those markets.

Accordingly, we recommend that the CSA maintain an approach under which an issuer's decision to graduate is driven by its circumstances, its investors, and market considerations, rather than by automatic regulatory thresholds.

A.6 *Other Options*

Are there aspects of regulatory regimes in other jurisdictions, or alternative or hybrid approaches beyond the options described above, that could inform the Canadian framework? If so, please provide details.

An alternative raised by one of the Investment Dealers we represent, is a model inspired by the United Kingdom’s nominated adviser, or “NOMAD¹” framework, whereby issuers could engage a CRO-regulated Investment Dealer to assume defined responsibilities relating to ongoing oversight, continuous disclosure, research, and market support. Regulators could provide appropriate regulatory relief to issuers that voluntarily participate in such a framework, while retaining oversight of the Dealers’ due-diligence and conflict-of-interest obligations, research practices, and fulfillment of responsibilities.

Such a model could leverage the expertise of Dealers that are already actively involved with and knowledgeable about these issuers, while allowing regulators to focus their resources where additional oversight is most needed. An issuer that chooses not to retain a Dealer in this capacity could remain subject to the existing level of regulatory oversight and reporting requirements.

Importantly, this approach could have broader capital-formation benefits. Encouraging Dealers to take a more active and sustained role in supporting smaller public companies could increase research coverage, strengthen Dealer commitment to individual issuers, and help attract greater investor participation. This could contribute to stronger liquidity, greater visibility for Canadian growth companies, and ultimately, healthier public markets. Participation should be voluntary, responsibilities clearly defined, liability appropriately limited, and any new obligations accompanied by meaningful regulatory relief.

B. Alternative Financial Reporting Requirements

B1. Should the CSA reconsider the current reporting requirements in financial statements for a subset of venture issuers?

While we support targeted amendments to reduce the regulatory burden on smaller venture issuers, including flexibility in interim reporting frequency and the financial statements accepted in connection with listing submissions, we do not consider a separate or modified financial reporting framework based on alternative applications of IFRS accounting standards to be necessary or appropriate.

a. *If yes, what outcomes or improvements would you like to see?*

b. *If not, why do you think the current requirements remain appropriate or necessary for all issuers regardless of size?*

For investor transparency, we would generally be concerned with changing the accounting standards for public companies. We believe that it would be difficult to communicate these differences to stakeholders in a consistent manner. In addition, comparisons of companies between different countries would become challenging.

¹ See <https://www.londonstockexchange.com/raise-finance/equity/how-list-equity-listing-journey/role-of-advisers-on-aim>.

- B2.** *What characteristics (e.g., stage of development, operating complexity, industry, revenue level, or financing frequency) should determine which venture issuers might be eligible for an alternative or proportionate financial statement reporting approach?*
- B3.** *What specific IFRS Accounting Standards requirements or disclosures present the greatest challenges for venture issuers in terms of cost or complexity? For example, are there particular standards or types of disclosures that require significant judgments, external valuations or specialised advisors?*
- B4.** *As an investor, which aspects of a venture issuer's financial statements are most important to your decision making and which are less relevant, and why?*
- B5.** *What other considerations should the CSA take into account when evaluating whether alternative or proportionate financial statement reporting approaches may be appropriate for certain venture issuers?*
- B6.** *Are there aspects relating to the regulatory regime for financial reporting requirements in other jurisdictions that we should consider? If so, please provide details.*

As set out above, we support targeted accommodations to certain financial statement reporting requirements for smaller venture issuers, including flexibility in interim reporting frequency and in the financial statements accepted in connection with listing submissions. However, we do not support the introduction of an alternative financial reporting framework based on modified applications of IFRS accounting standards. Accordingly, we do not comment further on the specific considerations raised in these questions relating to the design and implementation of such an approach.

C. Hold Periods for Private Placements by Reporting Issuers

- C1.** *Should we reconsider the current hold period regime for reporting issuers? Why or why not?*

The Investment Dealers we represent generally believe a change in hold period for private placements would be beneficial. However, a greater impact could be achieved by removing the size limitations on utilizing the listed issuer financing exemption (LIFE). We support a levelling of the playing field between different categories of investors, particularly considering the safeguards in place at CRO-regulated firms. Currently, investors are stratified between the general public, accredited investors, and qualified institutional investors, with accredited investors and institutional investors often being able to purchase securities of issuers at better prices than the general public and to make an instant profit by selling or short selling into public markets to the general public.

The Investment Dealers we represent do recognise that the four-month hold period can discourage broader participation in private placements, particularly by retail investors. While expanding LIFE would address this issue for eligible financings, consideration should also be given to whether the hold period could be shortened for other private placements, subject to appropriate safeguards against abusive financing practices.

C2. *If we were to reconsider the current hold period regime for reporting issuers,*
a. *Should we consider a continuous market access regime like the BCSC proposed in 2004? Why or why not?*

See our comment above: to utilize LIFE, the issuer is required to be in good standing and be listed for one year. For many venture issuers, the prospect of filing a shelf prospectus is daunting, and raises concerns of creating a financing overhang. We would be very supportive of adopting a simplified prospectus supplement that could rely on existing public disclosure and close on an expedited timeframe (similar to a shelf takedown), while also being wrapped via the Multi-Jurisdictional Disclosure System (MJDS) for offering prospectus-qualified securities to U.S. investors, where eligible under MJDS. We note that the timeline to close a short-form prospectus creates friction with many U.S. investors who are accustomed to participating in offerings that are priced and closed quickly.

b. *What other areas of securities regulation should be considered in connection with potential changes to the hold period regime?*

We recommend the CSA consider removing LIFE limits and making allowances for wall crossing and confidential discussions with potential lead investors.

C3. *What are the current benefits to reporting issuers and their investors from a four-month hold period? In what circumstances? Would a different hold period be more appropriate to maintain those benefits?*

C4. *LIFE allows a reporting issuer to issue free trading securities without a prospectus. Are there other circumstances in which a reporting issuer might be permitted to offer securities without a hold period, for example, if it has filed an annual information form and confirms that there are no undisclosed material facts or if investors are provided enhanced civil rights of action in relation to any disclosure provided, similar to the rights in connection with prospectus disclosure?*

The Investment Dealers we represent believe LIFE should be able to be used for larger financings and in greater frequency.

We note that a hold period can allow a company to deploy the raised capital against the specific use of proceeds before the investor may resell its securities, and can also be negotiated by the market if appropriate, to justify warrants or a steeper discount on shares.

In general, the Investment Dealers we represent believe hold periods should not be regulatory driven but should be determined by the commercial circumstances of a financing.

C5. *If we were to reconsider the need for hold periods by reporting issuers, how might this affect the use of prospectuses and the benefits associated with the due diligence process that is conducted in connection with a prospectus including by underwriters and experts?*

The use of a prospectus should not fundamentally alter the importance of the due diligence process. While the statutory liability framework applicable to prospectus offerings differs from that applicable to exempt distributions, agents and underwriters involved in brokered financings remain subject to applicable regulatory obligations, contractual responsibilities, and potential civil liability. Accordingly, Investment Dealers would continue to conduct appropriate due diligence, proportionate to the nature of the financing and the applicable legal framework, to assess the accuracy and completeness of the issuer's disclosure.

The Investment Dealers we represent believe that a principal purpose of a prospectus is to provide investors with comprehensive disclosure of all material information relevant to an offering. For issuers in good standing with their continuous disclosure obligations, much of this information is already publicly available. However, additional offering-specific disclosure and appropriate due diligence may still be necessary to ensure that investors receive all material information relevant to their investment decisions.

A simplified disclosure document incorporating by reference the issuer's continuous disclosure record, supplemented by appropriate offering-specific disclosure and management certifications, similar to a shelf prospectus supplement, could provide an efficient alternative while preserving meaningful due diligence and investor protection.

C6. *There are differences between the primary market civil liability regime applicable to misrepresentations in a prospectus and the secondary market civil liability regime applicable to misrepresentations in certain continuous disclosure documents. For example, the secondary market civil liability regime does not generally extend liability to underwriters and the limits on liability are lower. In addition, the secondary market civil liability regime generally includes seeking permission from the Court before an investor can bring a claim. Could these differences impact whether reporting issuers take adequate care to ensure that their disclosure is fair, balanced and not misleading? Why or why not?*

A Dealer we represent has noted that, in a brokered financing, agents and underwriters may be liable to their investors for a misrepresentation in connection with the offering. The agent or underwriter may also have contractual recourse against the issuer under the agency or underwriting agreement. In a non-brokered financing, this additional avenue of recourse against an agent or underwriter would not be available, leaving investors to rely on the applicable statutory remedies and the process outlined above.

More broadly, we believe that the role of registered Dealers in supporting disclosure quality and accountability merits consideration. As discussed above, a framework inspired by the United Kingdom's nominated adviser (NOMAD) model could provide for a CRO-regulated Investment Dealer to assume defined responsibilities relating to an issuer's ongoing oversight and continuous disclosure. A Dealer's sustained involvement with an issuer, including through appropriate due diligence and ongoing engagement, could help support the preparation of disclosure that is fair, balanced and not misleading. Such a framework could provide an additional layer of accountability, and complement existing statutory protections, while leveraging the expertise of Dealers familiar with the issuers they support.

C7. *Would an exemption such as the QIP exemption benefit capital raising in Canada? Please explain.*

As set out above, the Investment Dealers we represent are not generally in favour of further stratification of investor types.

C8. *Would you agree with a definition of "Qualified Institutional Purchaser" that aligns with the following?*

"Institutional Permitted Client" means a "permitted client" as defined in section 1.1 of NI 31-103, except for: (a) an individual, (b) a person or company acting on behalf of a managed account of an individual, (c) a person or company referred to in paragraph (p) of that definition unless that person or company qualifies as a permitted client under another paragraph of that definition, or (d) a person or company referred to in paragraph (q) of that definition unless that person or company has net assets of at least \$100 million as shown on its most recently prepared financial statements or qualifies as a permitted client under another paragraph of that definition;

C9. *We are proposing to limit the proposed QIP exemption to investments by institutional investors because we have heard that institutional investors may be subject to restrictions in the types of investments they may hold under their governing legislation and, as a consequence, may be forced to enter into "swap" transactions to allow them to be able to purchase securities that are not subject to resale restrictions. Are there other types of investors that may be subject to similar restrictions? Would this exemption create an unlevel playing field as between Qualified Institutional Purchasers and other types of investors?*

The Investment Dealers we represent question the benefit of limiting this exemption to QIPs. If a mechanism exists to transfer freely trading stock to a prospective buyer who would not otherwise purchase it, while allowing the seller of that stock, who is amenable to the hold period, to purchase more, we believe that mechanism would be beneficial to both buyers and sellers.

C10. *Do you agree with the conditions for determining whether an issuer should be considered a qualified issuer (being essentially similar conditions to those required to file a short form prospectus under NI 44-101 or to use LIFE)?*

Yes.

C11. *Should a reporting issuer relying on the QIP exemption be expected to confirm that there is no undisclosed material information such that there is no risk of information asymmetry as between the initial investor and a purchaser on resale from the Qualified Institutional Purchaser?*

C12. *Should there be restrictions on use of the exemption, for example, where the investor has entered into a short sale agreement or similar agreement involving shares of the same class as the shares being purchased?*

A company's financials are matter of public record. If an investor wishes to take the risk that a financing is pending and builds a short position in advance of that transaction, they could face substantial financial loss if the company successfully achieves certain milestones or closes a financing transaction without offering that short seller participation.

A Dealer mentions that, in many ways, a short seller selling borrowed shares into the market ahead of a financing is not dissimilar to a company entering into an at-the-market (ATM) offering arrangement, where an issuer may sell newly issued shares into the market over time. The difference is that the short seller takes financial risk in advance.

There is no obligation to fill a short investor on a financing. If sufficient demand exists, that resulting short squeeze would be beneficial for the more fundamental investors who hold.

The Investment Dealers we represent are not supportive of changes to the regulatory regime that reduce the tools available to Canadian issuers. We believe the CSA must seek ways to attract capital and fund Canadian issuers. There are situations where these short sellers are providing a significant lead order that may allow an issuer to attract other investors and complete a financing. Removing that participant from a transaction could mean a company is not able to raise the desired capital.

We note that one Dealer we represent believes that hedge fund investors that short sell a company's shares ahead of a financing, then participate in that financing to obtain freely tradeable shares to cover their short positions, should be restricted.

C13. *Do you agree with the proposed condition that distributions must be made through a registered dealer? Why or why not? Is there an alternative approach to requiring the involvement of a registered dealer? For instance, should we require that the institutional investor provide a certificate to the issuer certifying that the investor is purchasing as principal without a view to distribution?*

The Investment Dealers we represent agree that distribution of freely tradeable securities should be completed through a CISO-registered dealer who is obligated to perform a due diligence of

the offering documents and disclosure record of the company. This is an important gatekeeper obligation.

C14. *We have suggested that a RED would be required in connection with distributions under the QIP exemption. Do you agree with this requirement? Why or why not? Are there alternative forms of reporting that we should consider given that the exemption would be limited to sophisticated institutional investors?*

C15. *Are there other factors or considerations we should consider?*

D. Material Change Reporting

Most of the Investment Dealers we represent did not provide comments on this section. One Dealer considered the business acquisition report requirements unnecessarily burdensome and expressed general support for replacing formal disclosure requirements with press releases where appropriate.

D1. *Does the filing of a material change report provide useful and timely information to the market beyond what is typically disclosed in the news release?*

D2. *Is there a more effective alternative to the current material change reporting framework for disclosing the occurrence of a material change to the market? If so, please describe it.*

D3. *We continue to think it is important that material changes be immediately disclosed. However, should we consider allowing a reporting issuer to satisfy the material change report requirement by filing a news release on SEDAR+ in the category for a material change report if the news release contains all information otherwise required in Form 51-102F3?*

D4. *If we were to remove the requirement to file a material change report but instead require that the news release disclosing the material change be a designated news release containing the same information currently required in a material change report,*

a. *would this meaningfully reduce burden?*

b. *would this create challenges for investors and regulators in readily identifying which news constituted a material change?*

c. *are there any consequences we should consider?*

D5. *Should we consider designating certain events and changes as material changes for greater certainty, in addition to (and not in place of) the current principles-based definition? If so, what events and changes should automatically be material changes?*

D6. *Should we consider providing updated guidance (for example, through updates to National Policy 51-201 Disclosure Standards) to identify examples of events typically considered to be material changes?*

D7. *Do you have any other concerns or suggestions regarding the existing requirements to disclose material changes?*

E. Developments in the United States

E1. *Would expanding our current semi-annual reporting framework to all issuers on a voluntary basis be beneficial for Canadian capital markets? Why or why not?*

The Investment Dealers we represent believe the CSA should closely monitor developments in the United States regarding semi-annual reporting. As previously mentioned, CIFIC supports permitting voluntary semi-annual reporting, with appropriate safeguards.

If the United States moves toward permitting or adopting semi-annual reporting more broadly, Canada should be prepared to consider a comparable approach for Canadian issuers. Maintaining unnecessary differences in reporting frequency between the two markets could increase compliance complexity for cross-listed issuers and place Canadian public markets at a competitive disadvantage. Any Canadian approach should, however, preserve appropriate, timely disclosure requirements so that material information continues to be communicated promptly to investors.

E2. *If we expanded our current semi-annual reporting framework to all issuers on a voluntary basis:*

- a.** *what would be the potential impacts – both positive and negative – on investor protection, market transparency, cost of compliance and market competitiveness?*
- b.** *should any criteria or restrictions apply for issuers that choose to use semi-annual reporting when filing a prospectus? Why or why not?*

The Investment Dealers we represent believe the provision of current interim financial statements is a significant hurdle in the listing process. Should semi-annual reporting be allowed, these requirements should flow through to all types of disclosure documents.

c. *should we consider requiring additional or alternative disclosure or otherwise revise our material change and timely disclosure requirements for issuers that choose to use semi-annual reporting? Why or why not?*

The Investment Dealers we represent do not believe this to be necessary.

E3. *Are there any aspects from the statements or proposals made by the SEC that would be beneficial for Canadian capital markets? Please explain and comment on any expected impacts of those proposed amendments on investor protection or any potential competitive disadvantages that could arise if similar approaches are not adopted in Canada.*

First and foremost, as an overarching principle, we believe that unnecessary differences between Canadian and U.S. capital markets can make it more difficult for Canadian issuers to compete effectively for capital. Misalignment in areas such as reporting timelines and obligations, hold periods, and offering processes can create additional friction, and, ultimately, place Canadian markets at a competitive disadvantage when seeking to attract investments.

One of the most significant areas of divergence relates to the offering process. Canadian securities rules impose more restrictions on pre-marketing activities like testing the waters, as discussed. Such restrictions can make it challenging for U.S. trading and investment banking desks to participate effectively in Canadian transactions. Permitting formal wall-crossing processes across all Canadian jurisdictions, together with a framework that allows issuers and Dealers to confidentially market a prospectus offering before a public launch, would help address this issue. Importantly, it would allow Dealers to assess investor interest and establish greater pricing tension before a transaction is publicly announced, potentially improving price discovery and execution for issuers, investors, and other market participants.

F. General Feedback

F1. Which of the proposed changes would have a positive impact on Canadian competitiveness? Would any of the proposed changes have a negative impact on competitiveness or investor protection? Please provide details.

The Investment Dealers we represent believe it is important that all regulatory jurisdictions adopt any changes that are to be implemented, as harmonized regulations benefit investors as well as Dealers and the Canadian economy as a whole.

F2. Beyond the matters addressed in Sections A to E, what other changes or initiatives do you think could improve opportunities for capital raising or reduce regulatory burden?

As discussed above, the removal or adjustment of dilution and size limits would allow more opportunities for micro-cap and junior-cap companies to utilize LIFE.

F3. Are there changes to our regime that could enhance investor protection or provide enhanced disclosure to investors, particularly for retail investors?

As set out above, in order to protect investors, one Dealer would like to see a limitation on short selling by hedge fund investors ahead of financing involving freely tradeable securities, where investors immediately participate in the financing to cover their short positions.

F4. Are there any aspects from other recent international regulatory developments that could inform our regulatory proposals?

We are not aware of anything relevant from an international perspective.

Conclusion

Thank you for considering our comments on this important consultation.

As always, we are available to discuss the content of this submission further, address any concerns you may have, or provide additional information as needed. Your feedback is invaluable to us, and we are committed to ensuring that we all achieve our objectives effectively and efficiently.

Please feel free to contact us with any questions, comments, or to schedule a call to discuss any aspects of the letter or explore potential next steps. We look forward to our continued collaboration on this matter.

Sincerely,





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